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MARKETING SPREADS FOR EGGS, FRYING CHICKENS, AND TURKEYS IN SELECTED CITIES OF THE UNITED STATES

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MARKETING SPREADS FOR EGGS, FRYING CHICKENS, AND TURKEYS IN SELECTED CITIES OF THE UNITED STATES 1/

Large Eggs

Farm-retail spreads.--Farm-retail price spreads on large eggs of Grade A or better quality in 11 major cities averaged 23.4 cents a dozen in 1963--down 0.4 cent from 1962 (table 3). A lower farm-retailer spread, especially in New York, accounted for this decrease. Eleven-city averages of prices increased at all market levels from 1962 to 1963, and the biggest increase was at the farm level.

Gross spreads on large eggs increased in 4 of the 11 cities, were unchanged in 1, and decreased in 6 cities from 1962 to 1963. The biggest increase was in Seattle--1.1 cents a dozen. New York had the biggest decrease--2.1 cents. New York had the widest farm-retail spread in 1963 and Los Angeles had the narrowest. (See footnote 3, table 3).

Retail store spreads.--Retail store spreads on large eggs in the 11 cities averaged the same in 1963 as in 1962. They narrowed in 7 of the 11 cities, and widened in 4. The biggest increase--0.9 cent a dozen--occurred in Cleveland, while Chicago had the biggest decrease--0.8 cent.

Farm-retailer spreads.--The 11-city average farm-retailer spread narrowed 0.4 cent a dozen in 1963 from a year ago. This spread is the difference between prices paid by retailers and prices received by farmers. These spreads widened in 4 cities, were the same in 1, and narrowed in 6 cities. The biggest decrease was in New York--2.6 cents; Washington, D. C. had the biggest increase--1.1 cents. After a continuous 6-year decline, farm-retailer spreads in Atlanta widened 0.1 cent in 1963 from a year earlier.

Prices.--The 11-city average price at all market levels for large eggs of Grade A or better quality was higher in 1963 than a year earlier. Egg prices in Boston were generally among the highest for the 11 cities at all market levels. Los Angeles had the lowest retail buying and selling prices among the 11 cities in 1963.

Higher egg prices in 1963 resulted from the relatively smaller increase in available supplies than the increase in population. Farm production of eggs increased 0.2 percent from 1962 to 1963. The U. S. population increased nearly 1.5 percent. Civilian per capita consumption in the 48 contiguous States was estimated at 316 eggs in 1963--8 less than in 1962 and the lowest recorded since 1941. 2/

Farmer's share.--The farmer's share of the retail prices for large eggs in the 11 cities averaged 1.2 percentage points higher in 1963 than in 1962.

Medium Eggs

Eleven-city averages of prices, price spreads, and farm shares for medium eggs of Grade A or better quality generally moved in the same direction as those for large eggs from 1962 to 1963.

Frying Chickens

Farm-retail spreads.--Farm-retail spread on ready-to-cook, Grade A frying chickens in 11 major cities averaged 20.4 cents a pound in 1963--0.5 cent above 1962 (table 4). This was the widest annual gross spread reported since 1958. The 1963 increase was due to wider retail store spreads.

1/ Prepared by Leo R. Gray, agricultural economist, Marketing Economics Division, Economic Research Service, USDA.

2/ The Poultry and Egg Situation, PES-228, ERS, USDA, Nov. 1963.

Table 3.--Eggs, Grade A or better quality, large and medium size: Price per dozen and price spreads at various market levels, and farmer's share of the retail price, 11-city average 1962 and 1963, and selected cities 1963

Size of egg, year, and city	Price spreads					Prices				Farm share
	Farm-retail	Retail store	Farm-retailer spread: Total	Receiver-retailer	Farmer-receiver	Retail	To retailer	To city receiver	Farm 1/	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Large eggs:										
11-city average										
1963	23.4	9.9	13.5	2/	2/	56.0	46.1	2/	32.6	58.2
1962	23.6	9.9	13.9	2/	2/	55.3	45.4	2/	31.5	57.0
Individual cities, 1963										
Boston	25.6	14.2	11.4	2/	2/	61.5	47.3	2/	35.9	58.4
New York	28.5	15.5	13.0	7.7	5.3	60.9	45.4	37.7	32.4	53.2
Baltimore	27.5	9.0	18.5	12.0	6.5	58.7	49.7	37.7	31.2	53.2
Washington, D. C.	26.3	10.2	16.1	9.5	6.6	59.3	49.1	39.6	33.0	55.6
Atlanta	20.5	9.5	11.0	2/	2/	53.6	44.1	2/	33.1	61.8
Cleveland	26.6	9.8	16.8	8.4	8.4	57.0	47.2	38.8	30.4	53.3
Chicago	25.2	6.2	19.0	12.6	6.4	53.2	47.0	34.4	28.0	52.6
St. Louis	20.4	9.6	10.8	8.8	2.0	53.5	43.9	35.1	33.1	61.9
Los Angeles 3/	14.9	9.0	5.9	4.4	1.5	50.7	41.7	37.3	3/35.8	70.6
San Francisco	21.7	8.6	13.1	5.7	7.4	52.6	44.0	38.3	30.9	58.7
Seattle	21.0	7.1	13.9	2/	2/	55.3	48.2	2/	34.3	62.0
Medium eggs:										
11-city average										
1963	4/22.4	4/8.7	13.7	2/	2/	4/48.7	40.0	2/	26.3	4/54.0
1962	22.7	4/8.9	13.8	2/	2/	4/47.9	39.0	2/	25.2	4/52.6
Individual cities, 1963										
Boston	23.9	12.9	11.0	2/	2/	53.7	40.8	2/	29.8	55.5
New York	24.6	12.0	12.6	7.5	5.1	50.1	38.1	30.6	25.5	50.9
Baltimore	26.0	8.0	18.0	11.5	6.5	50.4	42.4	30.9	24.4	48.4
Washington, D. C.	26.1	10.1	16.0	9.1	6.9	51.9	41.8	32.7	25.8	49.7
Atlanta	20.0	9.3	10.7	2/	2/	47.5	38.2	2/	27.5	57.9
Cleveland	24.7	7.9	16.8	8.6	8.2	48.8	40.9	32.3	24.1	49.4
Chicago	4/23.6	4/4.5	19.1	10.6	8.5	4/45.6	41.1	30.5	22.0	4/48.2
St. Louis	19.1	7.7	11.4	9.4	2.0	47.3	39.6	30.2	28.2	59.6
Los Angeles 3/	15.9	8.4	7.5	4.5	3.0	45.1	36.7	32.2	3/29.2	64.7
San Francisco	20.1	7.2	12.9	6.0	6.9	46.1	38.9	32.9	26.0	56.4
Seattle	21.8	7.7	14.1	2/	2/	48.8	41.1	2/	27.0	55.3

1/ Farm prices are weighted averages computed from prices reported in major commercial egg-producing areas supplying the designated cities.

2/ Insufficient data.

3/ Farm prices were derived from prices to retailers for eggs at the top of Grade AA, f.o.b. distributor's plant, Los Angeles, as reported by the Federal-State Market News Service. Before 1960, farm prices for the Los Angeles area were derived from Grade A egg prices.

4/ Estimated annual price based on data for less than 12 months.

Retail prices were compiled from data collected by the Bureau of Labor Statistics. Prices at other market levels were compiled, generally, from data collected by Federal and State market news services.

Table 4.--Frying chickens: Prices per pound (ready-to-cook basis) and price spreads at various market levels, and farmer's share of the retail price, 11-city average 1962 and 1963, and selected cities, 1963

Year and city	Price spreads					Prices				
	Farm-retail	Retail store	Farm-retailer spread: Total	Farm-retailer spread: Receiver-retailer	Farm-retailer spread: Farm-receiver	Retail	To retailer	To city receiver	Farm value 1/	Farm share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
11-city average										
1963	20.4	11.4	9.0	---	---	40.8	29.4	---	20.4	50.0
1962	19.9	10.8	9.1	---	---	41.4	30.6	---	21.5	51.9
Individual cities, 1963										
Boston	21.1	14.7	6.4	1.3	5.1	43.1	28.4	27.1	22.0	51.0
New York	21.2	13.0	8.2	2.6	5.6	41.5	28.5	25.9	20.3	48.9
Baltimore	16.5	8.7	7.8	2.5	5.3	38.1	29.4	26.9	21.6	56.7
Washington, D.C.	17.5	8.8	8.7	2.5	6.2	37.5	28.7	26.2	20.0	53.3
Atlanta	17.0	9.0	8.0	---	---	36.1	27.1	---	19.1	52.9
Cleveland	17.0	9.1	7.9	1.8	6.1	36.7	27.6	25.8	19.7	53.7
Chicago	19.0	9.8	9.2	2.7	6.5	38.1	28.3	25.6	19.1	50.1
St. Louis	18.5	10.2	8.3	2.1	6.2	37.6	27.4	25.3	19.1	50.8
Los Angeles	23.3	12.5	10.8	4.2	6.6	43.5	31.0	26.8	20.2	46.4
San Francisco	25.8	13.0	12.8	6.2	6.6	46.6	33.6	27.4	20.8	44.6
Seattle	26.6	16.2	10.4	---	---	49.6	33.4	---	23.0	46.4

1/ Farm value is the return received by farmers for the quantity of live frying chicken or broiler equivalent to 1 pound of ready-to-cook frying chicken. These values were weighted averages computed from prices reported in major commercial broiler producing areas supplying the designated cities.

Retail prices were compiled from data collected by the Bureau of Labor Statistics. Prices at other market levels were compiled, generally, from data collected by Federal and State market news services.

The biggest change in farm-retail spreads among the 11 cities was an increase of 1.5 cents a pound in St. Louis, which was due to an increase in the retail store spread. Seattle had the widest farm-retail spread and Baltimore the narrowest in 1963.

Retail store spreads.--Retail store spreads for frying chickens in 11 cities averaged 11.4 cents a pound in 1963--up 0.6 cent from a year earlier. They widened in 7 of the 11 cities, were the same in 1, and narrowed in 3 from 1962 to 1963. The biggest increase was in St. Louis--2.1 cents a pound. Retail store spreads accounted for nearly 56 percent of the gross farm-retail spread for the 11 cities in 1963.

Annual retail store spreads were widest in Seattle and narrowest in Baltimore in 1963.

Farm-retailer spreads.--Farm-retailer spreads for the 11 cities averaged 9.0 cents a pound in 1963--down 0.1 cent from 1962. This spread widened in 6 cities and narrowed in 5. The biggest increase occurred in New York--0.8 cent a pound; Atlanta had the biggest decrease--1.5 cents. Boston had the narrowest farm-retailer spread among the 11 cities in 1963; San Francisco had the widest.

Prices.--Prices for frying chickens at all market levels in the 11 cities in 1963 were around 1.0 cent below 1962 levels. The highest prices among the 11 cities generally were in Seattle; prices in Atlanta were among the lowest.

Lower prices for frying chickens in 1963 resulted from the large increase in supplies available for the domestic market from year ago levels. Increased supplies were the net result of increased production, coupled with reductions in exports and in USDA purchases for the School Lunch Program in 1963. Farm production of frying chickens reached a record high of about 7,200 million pounds (liveweight) in 1963--4 percent higher than in 1962. This increase exceeded the nearly 1.5 percent increase in population. Exports of broilers during January-August totaled nearly 69.1 million pounds in 1963--about 48 percent less than in 1962. This decline was due to increased tariff barriers imposed by member countries of the European Common Market. However, broiler exports to countries outside the Common Market amounted to 44.9 million pounds for the first 8 months of 1963--nearly 18 percent above the same period of 1962. USDA purchases of young chickens for the National School Lunch Program through October totaled about 29.5 million pounds in 1963 compared with about 34.9 million pounds in 1962--a decline of 15 percent. Civilian per capita consumption of frying chickens was estimated at 26.3 pounds in 1963--0.7 pound over the previous record high in 1962. 3/

Farmer's share.--The farmer's average share of the retail price for frying chickens in the 11 cities declined by nearly 2 percentage points from 1962 to 1963.

Turkeys

Farm-retail spreads.--Farm-retail price spreads for ready-to-cook medium-size turkeys in 5 major U. S. cities averaged 18.3 cents a pound in October-December 1963 (table 5). 4/ These spreads averaged 0.6 cent wider than in 1962 due to wider retail store spreads. St. Louis had the biggest increase in farm-retail spreads among the 5 cities--2.2 cents a pound, but in Boston and Los Angeles these spreads narrowed.

Retail store spreads.--Five-city average retail store percentage markups on medium-size turkeys during October-December 1959 through 1962 ranged from 13.1 to 29.3 percent and averaged 20.2 percent. In 1963 their markups averaged 21.2 percent. A decrease of 1.1 cents a pound in retail store spreads in St.

3/ See publication cited in footnote 2.
4/ The 5 cities included Boston, New York, Chicago, St. Louis, and Los Angeles.

Table 5.--Turkeys, medium and large, Grade A or best quality: Price spreads and prices per pound, ready-to-cook basis, at various market levels, and farmer's share of the retail price, October - December averages for 5 cities in 1960-63, and for selected cities in 1963

Size of turkey, year and city 1/	Price spreads					Prices				
	Farm-retail	Retail: store	Farm-retailer spread: Total	Farm-retailer spread: Receiver-retailer	Farm-retailer spread: Farm-receiver	Retail	To retailers	To city receivers	Farm value 2/	Farm share
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Percent
Medium turkeys:										
5-city average 3/										
1963	18.3	8.4	9.9	4/2.6	4/7.3	48.0	39.6	4/37.0	29.7	61.9
1962	17.7	7.7	10.0	2.7	7.3	47.3	39.6	36.9	29.6	62.6
1961	22.4	10.1	12.3	2.6	9.7	44.5	34.4	31.8	22.1	49.7
1960	4/17.8	4/8.5	9.3	2.6	6.7	4/54.0	45.5	42.9	36.2	4/67.0
Individual cities, 1963										
Boston	16.4	7.8	8.6	4/2.3	4/6.3	46.0	38.2	4/35.9	29.6	64.3
New York	19.9	7.8	12.1	2.5	9.6	49.6	41.8	39.3	29.7	59.9
Chicago	16.6	6.1	10.5	2.7	7.8	46.2	40.1	37.4	29.6	64.1
St. Louis	18.3	8.8	9.5	2.9	6.6	48.0	39.2	36.3	29.7	61.9
Los Angeles	20.2	11.3	8.9	2.7	6.2	50.1	38.8	36.1	29.9	59.7
Baltimore	20.1	8.8	11.3	2.9	8.4	49.8	41.0	38.1	29.7	59.6
Washington, D.C.	20.6	9.7	10.9	3.6	7.3	50.4	40.7	37.1	29.8	59.1
Atlanta	19.6	8.5	11.1	2.6	8.5	49.4	40.9	38.3	29.8	60.3
Cleveland	21.0	10.1	10.9	3.2	7.7	50.6	40.5	37.3	29.6	58.5
San Francisco	23.8	13.2	10.6	2.8	7.8	53.7	40.5	37.7	29.9	55.7
Seattle	18.8	7.4	11.4	5/	5/	48.7	41.3	5/	29.9	61.4
Large turkeys:										
5-city average 3/										
1963	18.0	7.1	10.9	2.5	8.4	44.5	37.4	34.9	26.5	59.6
1962	4/18.3	4/6.7	11.6	2.8	8.8	4/43.8	37.1	34.3	25.5	4/58.2
1961	22.2	8.1	14.1	2.3	11.8	41.3	33.2	30.9	19.1	46.2
1960	4/21.1	4/9.4	11.7	2.7	9.0	4/51.5	42.1	39.4	30.4	4/59.0
Individual cities, 1963										
Boston	19.2	7.2	12.0	1.9	10.1	45.6	38.4	36.5	26.4	57.9
New York	21.3	9.3	12.0	2.1	9.9	47.8	38.5	36.4	26.5	55.4
Chicago	15.2	5.3	9.9	2.1	7.8	41.7	36.4	34.3	26.5	63.5
St. Louis	17.8	7.5	10.3	3.4	6.9	44.3	36.8	33.4	26.5	59.8
Los Angeles	16.2	6.3	9.9	2.8	7.1	43.0	36.7	33.9	26.8	62.3
Baltimore	4/17.5	4/4.7	12.8	3.3	9.5	4/44.0	39.3	36.0	26.5	4/60.2
Washington, D.C.	19.7	7.8	11.9	3.2	8.7	46.4	38.6	35.4	26.7	57.5
Atlanta	4/17.2	4/5.0	12.2	3.4	8.8	4/43.8	38.8	35.4	26.6	4/60.7
Cleveland	4/21.7	4/10.9	10.8	2.0	8.8	48.1	37.2	35.2	26.4	54.9
San Francisco	4/23.9	4/12.2	11.7	1.6	10.1	4/50.7	38.5	36.9	26.8	4/52.9
Seattle	19.4	6.9	12.5	5/	5/	46.2	39.3	5/	26.8	58.0

1/ Turkey size weight ranges are: Medium--8 to 16 pounds; large--more than 16 pounds.
2/ Farm value is payment received by producers for the quantity of live turkey equivalent to 1 pound of ready-to-cook turkey. These values are weighted averages computed from prices reported in major commercial turkey-producing areas supplying the designated cities.
3/ 5-city average includes: Boston, New York, Chicago, St. Louis, and Los Angeles.
4/ Estimated from data for less than 3 months.
5/ Insufficient data.

Retail prices are compiled from data collected by the Bureau of Labor Statistics. Prices at the other market levels are compiled, generally, from data collected by Federal and State market news services.

Louis was the biggest change among the 5 cities from 1962 to 1963. (In Washington, D. C. and Seattle, however, retail store spreads narrowed 2.5 cents from 1962 to 1963, but the 5-city average does not include these 2 cities).

Farm-retailer spreads.--Farm-retail spreads in the 5 cities averaged about the same in both 1962 and 1963.

Prices.--Generally, 5-city average prices for medium turkeys at all market levels during October-December were nearly the same in 1963 as in 1962. This contrasts sharply with the sizable fluctuations in previous year-to-year price changes--especially since 1958.

Some factors contributing to the slight rise in medium-turkey prices from 1962 to 1963 were:

(1) Number of heavy-breed turkeys raised declined by 100,000.

(2) USDA purchases increased 660,000 pounds.

(3) First-of-the-month storage stocks of turkeys in 1963 were about 20 percent below 1962 levels from January through September, but nearly 8 percent above 1962 levels during October-December. The annual average for 1963 was nearly 11 percent below 1962.

Some offsetting factors tending to hold down prices in 1963 include:

(1) Increase of about 5.0 percent in commercial slaughter of young turkeys in 1963 over 1962, while population increased about 1.5 percent.

(2) Exports in 1963 were 5.5 million pounds less than in 1962. Reduced exports to European Common Market countries accounted for nearly three-fourths of the reduction in total exports.

(3) Civilian per capita disappearance, however, declined for the second straight year, and was about 6.8 pounds in 1963--0.3 pound less than in 1962.

Farmer's share.--The farmer's share of the retail price for medium turkeys in the 5 cities average nearly 1 percentage point lower in 1963 than in 1962.

Large Turkeys

Farm-retail spreads for large turkeys in the 5 cities averaged 18.0 cents a pound in 1963--a decline of 0.3 cent from 1962. This decline resulted from a narrowed farm-retailer spread, although retail store spreads widened. Prices at all levels, and the farmer's share of the retail dollar increased from 1962 to 1963.